



FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

November 2017

Inside this Issue

Enterprise Wide Risk Management 2

Changes to Credit Union Call Reports 2

Action on Applications for the Month 3

Upcoming Speaking Engagements

Commissioner Hager will be providing a banking and regulatory update at the GBA Credit Conference

Commissioner Hagler will be speaking at the GBA Legislative Conference on the topic State of the Portfolio

Commissioner Hagler will be speaking at the GCUA Grassroots Academy, Sloppy Floyd Building, Empire Room

Order to Cease and Desist Issued to Visa Fund Management Limited d/b/a Visa Bank

On November 16, 2017, the Department of Banking and Finance, State of Georgia, (Department) issued an Order to Cease and Desist to Visa Fund Management Limited d/b/a Visa Bank. It is unlawful to conduct and/or be affiliated with a banking business in Georgia without a bank charter. It is also unlawful to use the words “bank” and/or “trust” in any entity’s name without the written permission of the Department. The Department has no record of Visa Fund Management Limited d/b/a Visa Bank and has not approved this entity to organize a bank and/or conduct a banking business in or from Georgia. Furthermore, the Department has not granted Visa Fund Management Limited d/b/a Visa Bank permission to use “bank” or “trust” in its name.

More information about the Order, including the terms of the Order, may be obtained [here](#).

Revised Standard Form Bylaws for Credit Unions

The Department may, from time to time, adopt recommended language for bylaws and bylaw amendments of credit unions as required by generally accepted corporate and business practices of financial institutions. The Department has revised the Standard Form Bylaws for Credit Unions, which are available at <https://dbf.georgia.gov/cu-forms-and-applications>.

The Department considers these bylaws to be in conformity with the legal requirements of the Official Code of Georgia Annotated (O.C.G.A.), to be sound corporate and business practices, and to provide appropriate guidance for the credit union to fulfill the goals of the credit union and its membership.

Credit unions that have previously elected to use the Standard Form Bylaws adopted by the Department are not required to notify the Department prior to implementing the revised standard form bylaws.

Credit unions desiring to use these bylaws for the first time and credit unions wishing to adopt their own unique bylaws must follow the procedures set forth in the Georgia Code for adoption or amendment of bylaws. After the Board of Directors has adopted the bylaws, a copy of the adopted bylaws must be submitted to the Department.

Any credit union which decides to discontinue using Standard Form Bylaws or any Standard Bylaw Amendments shall adopt new bylaws in accordance with the requirements of O.C.G.A § 7-1-634.

Department Changes to Periodic Reporting

To improve our service and security, the Department has implemented Citrix Sharefile to receive periodic, recurring information from federally-insured, state-chartered institutions when required. Encryption and password protection of the data are not required by the Department, but should be implemented in accordance with your institution’s information security policies due to this new, secured delivery format.

If you receive an email from the Department to submit information via this portal, then please be aware that the link that is provided is specific to the email address of the recipient of the link. If the institution determines that the person that is authorized to submit information should be changed, then a new email link will be initiated by the Department to make the change. If a recipient of a link forwards the link to another intended user, then the link will fail. As always, when you receive an email that requires action on your part, you should verify the authenticity of the email in accordance with your institution’s information security policies. If you have questions, then please contact your Supervisory Manager.

Enterprise Wide Risk Management

There are many moving parts to overall risk exposure for financial institutions, some of which may not yet have been fully explored: the one-time and ongoing impact of CECL to capital, the impact of accounting changes for on-balance sheet presentation of leases, and the likelihood of nonparallel and directionally inconsistent interest rate movements for non-maturity deposits to name a few. Other risks are essentially unchanged over time, such as repayment capacity of the borrower and the collective impact of borrower performance on concentrations of credit. Actively managing the risks that are well known may ultimately preserve capital adequacy for unanticipated fallout from unforeseen or underestimated risks. Directors are encouraged to continue to require global cash flow analyses to fully understand the liabilities of borrowers: funded, unfunded, and contingent.

Economic reports on real estate have been encouraging over the last several quarters. Recently, there has been some indication that appreciation may be slowing. Also, some reports indicate that consumer default rates may indicate that consumer debt to income levels are exhibiting stress, which is key information for first mortgage originators. Moreover, the Federal Reserve Bank is poised for a rate increase in December despite indications that the inflation rate is stable. In light of these disparate elements, financial institutions should be stress testing concentrations for the ability to absorb payment increases relative to income.

Moreover, Directors should consider whether more information is needed to proactively monitor an institution's overall enterprise-wide risk exposure that capital is supporting. While real estate collateral values have been enjoying an upward trend, lenders should be leery of compromising underwriting standards and continue to focus on repayment ability. Directors should consider requiring tracking reports that list loans in the aggregate that have been originated and/or renewed as exceptions to established policies and monitor these exceptions by lender, collateral type, and geography with appropriate comparison to specified metrics such as total capital, assets, or loans. The return of market mergers in the recent economy may bring together a variety of lending philosophies, which may not align with the strategic goals of the surviving institution. A tracking report may identify corporate hurdles to be addressed before the level of exceptions becomes a burden to capital adequacy.



DEPARTMENT HOLIDAY HOURS

The offices of the Department will be closed
on **Monday, December 25th**
and **Tuesday, December 26th**
in observance of State holidays.

Our offices will also be closed on
Monday, January 1 for New Year's Day.

Changes to Credit Union Call Reports

Effective with the September 30, 2017 Call Report, the NCUA made material slotting changes to NCUA Form 5300. The change was made to reflect changes to Part 723 of NCUA Rules and Regulations, which became effective on January 1, 2017. The change impacted slotting for both commercial loans and member business loan portfolios. These changes include the format and layout of page 16 of the Call Report, "Schedule A – Specialized Lending" with some account codes on the page moved to new or different line items.

As a reminder, state-chartered, federally-insured credit unions should carefully review the changes to the Call Report form and the instructions that are published each quarter prior to the reporting cycle. Relevant information may be found on the NCUA's website at: <https://www.ncua.gov/regulation-supervision/Pages/regulatory-reporting/cu-online.aspx#formandinstructions>.

If you have questions, then contact Supervisory Manager Justin McElheney at (706) 986-1643 or your NCUA contact.

2018 Calendar

In accordance with O.C.G.A. § 1-4-1, Governor Nathan Deal proclaimed the following dates in 2018 as public and legal state holidays when the Capitol and all State agencies will be closed.

Holiday Name	Date Observed
New Year's Day, 2018	Monday, January 1
Martin Luther King Jr.'s Birthday	Monday, January 15
State Holiday	January 19 will be observed on Friday, November 23
Washington's Birthday	February 19 will be observed on Monday, December 24
State Holiday	April 26 will be observed on Monday, April 23
Memorial Day	Monday, May 28
Independence Day	Wednesday, July 4
Labor Day	Monday, September 3
Columbus Day	Monday, October 8
Veteran's Day	November 11 will be observed on Monday, November 12
Thanksgiving Day	Thursday, November 22
Christmas Day	Tuesday, December 25

Georgia law allows a financial institution to be closed one day each week in addition to Sundays and holidays (O.C.G.A. § 7-1-110). Except in the case of an emergency closing, a financial institution must post a notice of intent to close 30 days in advance of the closure (O.C.G.A. § 7-1-11.1).

Action on Applications for the Month

The following is a summary of official action taken on applications by state financial institutions under Title 7, Chapter 1 of the O.C.G.A. and petitions for certificate of incorporation of financial institutions and other matters of interest during the month of November 2017:

FINANCIAL INSTITUTION CONVERSIONS

<u>PREVIOUS NAME</u>	<u>CONVERTED TO</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
First National Bank South	FNB South Alma Bacon County	Pending	

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
Fidelity Bank Atlanta	Covington 9130 Highway 278 NE Covington, GA 30014 Newton County	11-09-2017	
SunTrust Bank Atlanta	Moore's Mill 2275 Marietta Boulevard NW Suite 130 Atlanta, GA 30318 Fulton County	11-28-2017	
SunTrust Bank Atlanta	Rutland Commons 9283 Chamberlayne Road Mechanicsville, VA 23116 Hanover County	06-09-2017	11-06-2017
SunTrust Bank Atlanta	Harris Crossing 13620 Capital Boulevard Wake Forest, NC 27587 Wake County	11-28-2017	
Synovus Bank Columbus	Reynoldstown 144 Moreland Avenue Atlanta, GA 30307 Fulton County	03-13-2017	11-06-2017
Metro City Bank Doraville	Holcomb Bridge 3280 Holcomb Bridge Road Norcross, GA 30092 Gwinnett County	07-25-2017	11-08-2017
American Pride Bank Macon	Athens 2500 Daniells Bridge Road, Building 200, Suite 1A Athens, GA 30606 Oconee County	07-12-2017	11-06-2017
Bank of Newington Newington	Springfield Georgia Highway 21 S Springfield, GA 31329 Effingham County	Pending	
Robins Financial Credit Union	Watkinsville Hog Mountain Road Watkinsville, GA 30677 Oconee County	11-09-2017	

APPLICATIONS TO CHANGE LOCATION

<u>FINANCIAL INSTITUTION</u>	<u>CHANGE LOCATION OF</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
SunTrust Bank Atlanta	From: Alico Commons 16510 South Tamiami Trail Fort Myers, FL 33908 Lee County To: 16965 Alico Mission Way Fort Myers, FL 33908 Lee County	11-28-2017	
SunTrust Bank Atlanta	From: Hollywood 2001 Hollywood Boulevard Hollywood, FL 33020 Broward County To: 1800 S Young Circle Hollywood, FL 33020 Broward County	11-28-2017	
SunTrust Bank Atlanta	From: Kissimmee 3357 West Vine Street Kissimmee, FL 34741 Osceola County To: 3109 W Vine Street Kissimmee, FL 34741 Osceola County	11-28-2017	
SunTrust Bank Atlanta	From: Dunwoody 1710 Mt. Vernon Road Dunwoody, GA 30338 DeKalb County To: 5490 Chamblee Dunwoody Road Dunwoody, GA 30338 DeKalb County	11-28-2017	
SunTrust Bank Atlanta	From: Zephyrhills North 7344 Gall Boulevard Zephyrhills, FL 33541 Pasco County To: 7809 Gall Boulevard Zephyrhills, FL 33541 Pasco County	11-28-2017	
Farmers State Bank Lincolnton	From: Thomson 658 Washington Road Thomson, GA 30824 McDuffie County To: 1197 Washington Road Thomson, GA 30824 McDuffie County	12-14-2016	11-07-2017

APPLICATION TO RESERVE A NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
Bank of Danielsville	Madison County	Mr. Brent Baker CIB Partners, LLC 13780 Brittle Road Milton, GA 30004

FINANCIAL INSTITUTION MERGERS

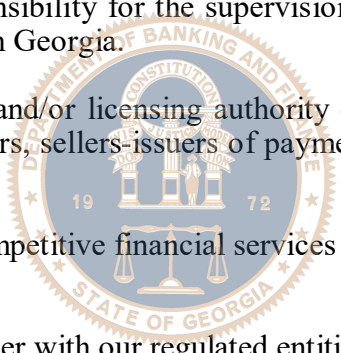
<u>SURVIVOR</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
United Community Bank Blairsville, GA	Four Oaks Bank & Trust Company Four Oaks, NC	09-19-2017	11-01-2017
Guardian Bank Valdosta, GA	Pelham Banking Company Pelham, GA	Pending	

The Department is the state agency that regulates and examines Georgia state-chartered banks, state-chartered credit unions, state-chartered trust companies, and bank holding companies that own Georgia state-chartered financial institutions. The Department also has responsibility for the supervision, regulation, and examination of Merchant Acquirer Limited Purpose Banks chartered in Georgia.

In addition, the Department has regulatory and/or licensing authority over mortgage brokers, lenders and processors, mortgage loan originators, check cashers, sellers-issuers of payment instruments, money transmitters, and international banking organizations.

Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **Vision** is to be a willing and able partner with our regulated entities in order to support vibrant economic growth and prosperity in Georgia.

**Supervisory Managers**

District 5 Banks District 1 Banks (partial) MALPB	Brittany Bohannon, Accounting Specialist, Trust Specialist 770-986-5049 bbohannon@dbf.state.ga.us
District 2 Banks District 1 Banks (partial) District 1 and 2 Credit Unions	Mathew Robinson, Large Bank Specialist, Certified At-Risk Adult Crime Tactics Specialist 770-986-1627 mrobinson@dbf.state.ga.us
District 4 Banks District 4 and 5 Credit Unions	Justin McElheney, BSA and Information Technology Specialist 770-986-1643 jmcelheney@dbf.state.ga.us
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